

REVITALISING INFRASTRUCTURE AND SYSTEMS IN EDUCATION

IITs to grab 25% of govt loans for higher education institutes

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THE INDIAN Institutes of Technology (IITs) will corner the largest chunk of loans on offer under the new funding model — Revitalising Infrastructure and Systems in Education (RISE) — for all centrally-run institutes, announced in the Union Budget this month.

Under RISE, all centrally-funded institutes (CFIs), including central universities, IITs, IIMs, NITs and IISERs, can borrow from a Rs 1,00,000 crore corpus over the next four years to expand and build new infrastructure. However, *The Indian Express* has learnt that a quarter of this amount — Rs 25,000 crore — will be set aside exclusively for the 23 IITs (see box).

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WHAT THEY WILL GET

INSTITUTE

Loans on offer from HEFA from FY 2018-19 to FY 2021-22 (in Crore)

IITs	25,000
Central universities	20,000
NITs	11,300
Institutions of eminence	10,000
IISERs	5,000
IIMs (6 new)	4,500
IIITs (set up in PPP mode)	3,000
IIITs (govt)	2,000
Language institutes	1,000
Other centrally funded institutes	1,700
Schools of Planning and Architecture	1,500
New institutes (unforeseen)	6,000
Research promotion	9,000

TOTAL

1,00,000

Central institutes

The second largest share, Rs 20,000 crore, will be earmarked for central universities. While the National Institutes of Technology (NITs) can borrow up to Rs 11,300 crore, the new IIMs will get Rs 4,500 crore, and five IISERs Rs 5,000 crore.

According to sources, in addition to loans for infrastructure development, about Rs 9,000 crore will be available for building robust research ecosystems, like world-class laboratories, in CFIs.

With the introduction of RISE, all financing for infrastructure development at CFIs will be done through the Higher Education Funding Agency (HEFA), which was set up by the government as a Section 8 company (a company with charitable objectives) last year to mobilise funds from the market and offer 10-year loans to centrally-run institutes.

Till last year, CFIs in higher education,

on an average, would get fixed Budget grants of Rs 10,000 crore every year for this purpose. According to government officials, the shift from grant assistance to loans would assure more funds, greater accountability and timely completion of projects.

In order to mobilise funds for the Rs 1,00,000 crore corpus, HEFA will need an equity of Rs 10,000 crore, of which Rs 8,500 crore will be provided by the government. The remaining equity will be provided by Canara Bank, which partnered with the government to set up HEFA, and other corporations.

The HRD Ministry will soon seek the Union Cabinet's approval for providing the government's share of the HEFA equity.

All the infrastructure and research projects sanctioned by HEFA are to be completed by December 2022. Sources said the funding agency will release money directly to the vendors or contractors on certification by the executing agency and the edu-

cational institute.

Loans taken from HEFA, under the RISE programme, must be paid back over 10 years. There will be different modes of loan repayment for different institutes, based on their internal revenue. For instance, central universities set up before 2014 will be eligible to borrow through the 90:10 window, which means that they will have to repay 10 per cent of the principal amount from their internal resources. The remaining principal amount and the interest accrued on the loan will be paid by the government to HEFA.

IITs and IIMs which are over a decade old will repay the whole principal amount over 10 years, and the interest will be paid by the government. Technical institutes set up between 2008 and 2014 can avail loans through the 75:25 window. In other words, they will have to give 25 per cent of the principal amount. The balance principal and loan interest will be taken care of by the central government.